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INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 6902  
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RUEHLP/AMEMBASSY LA PAZ SEP 0710  
RUEHPE/AMEMBASSY LIMA PRIORITY 1932  
RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 2795  
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TAGS: [ECON](#) [ETRD](#) [EINV](#) [EC](#)  
SUBJECT: ECUADOR ECON WEEKLY: RICE EXPORT BAN; NATIONAL DEVELOPMENT  
PLAN; LPG FOR CARS

Ref. Quito 1794

11. (U) The following is a weekly economic update for Ecuador that reports notable developments that are not reported by individual cables.

#### GOE Bans Rice Exports

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12. (U) On September 7 the GOE banned rice exports after local rice prices rose quickly as a result of strong demand from Colombia and Peru. According to media reports, the price of rice fell in Ecuador following the export ban, but some rice is probably being smuggled out of the country. The government has been particularly sensitive about price increases for basic foods in the run-up to the September 30 Constituent Assembly and has attempted to limit the price increases of other foodstuffs through voluntary price controls (reftel) and subsidies (septel) and export bans.

#### National Development Plan Unveiled

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12. (U) The Cabinet approved the \$4.5 billion National Development Plan for 2007-2010 presented by the National Secretariat of Planning and Development (SENPLADES) September 6. The plan has 12 human development objectives, including poverty reduction, improving access to education, increasing life expectancy, and improving competitiveness, among others. Fander Falconi, Secretary of Planning, projects that the plan will create 120,000 jobs, increase GDP growth by 1.5%, and reduce urban poverty by 8%. According to SENPLADES, the plan would be financed by private investment and public funds such as the FEISEH petroleum fund.

#### Congress Approves the Use of LPG for Vehicles

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13. (SBU) Congress approved an Administration proposal for the use of liquefied petroleum gas (LPG) for "authorized automobiles" September 7, as part of its final approval of the Energy Sovereignty Law (which seeks to stem trafficking in petroleum products). With the legislative permission in hand, the Correa administration seems to moving relatively quickly to implement an LPG-for-taxis program. Taxi drivers have been pushing for permission to utilize LPG, which is highly subsidized and cheaper than regular gasoline (which is also subsidized, but to a lesser degree), since the beginning of the year. The plan will likely add to the GOE's already high energy subsidy bill, although LPG for taxis might receive a smaller subsidy than LPG for home use.

JEWEL